

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. Do4-228
SECURITY NATIONAL INSURANCE)	
COMPANY and TRINITY UNIVERSAL)	CONSENT AND ORDER
INSURANCE COMPANY,)	TO PAY FINE
)	
Authorized Insurers.)	
_____)	

FINDINGS OF FACT

1. Security National Insurance Company and Trinity Universal Insurance Company are both a part of Unitrin Property and Casualty Insurance Group.
2. The insurers did not deliver on a timely basis certain commercial lines policies and thus did not provide the required notice of increase of premiums in a timely manner with respect to these policies.
3. Although the matter was brought to the attention of the OIC by one consumer, the companies agreed to a two year look back of its renewal cycle to identify additional non-compliant renewal processing with a full 24 month accounting for the period 10/21/01 to 10/21/03.
4. The companies identified a total of 1,285 accounts with a total return premium of \$120,524.
5. The company then self initiated an updated review of its policy processing from 10/21/03 to September 2004. It added 94 additional refunds totaling \$4,385.
6. The return premium checks ranged from \$1.13 to \$3,267.

CONCLUSIONS OF LAW

1. RCW 48.18.2901(1)(b) requires a 20 day written notice to the named insured, and a statement including the premium or portion thereof which must be paid.
2. RCW 48.18.2901(2) provides if the notice fails to include the amount of any increased premium resulting from a change of rates and any

change in the contract provisions, the company is obligated to renew the policy according to the rates and contract provision applicable to the expiring policy.

3. With the untimely renewal process, both Security National Insurance Company and Trinity Universal Insurance Company violated these provisions of law.

CONSENT TO ORDER

NOW, THEREFORE, the companies consent to the following in consideration of the desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the companies' fine and such terms and conditions as are set forth below:

1. The companies consent to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consent to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order the companies agree to pay to the OIC a fine in the amount of \$50,000, of which \$25,000 is suspended for a period of two years on condition that the companies shall not violate the provisions of the Washington State Insurance Code which are the subject of this Order;
3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of the companies' certificates of authority and for the recovery of the full fine, including the suspended portion.
4. The companies further agree to the internal procedures on their commercial lines business reviewed and revised during the investigative dialog with the OIC, including the internal annual audits. (procedure plan attached)
5. The companies understand and agree that failure to comply with the statutes which are the subject of this Order during the two year period following the entry of this Order shall constitute grounds for recovery of the suspended portion of the fine.

EXECUTED this _____ day of _____, 2004.

SECURITY NATIONAL INSURANCE COMPANY
TRINITY UNIVERSAL INSURANCE COMPANY

By: _____

Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Security National Insurance Company and Trinity Universal Insurance Company are ordered to pay a fine in the amount of \$50,000, of which the amount of \$25,000 is suspended upon the condition that the companies fully comply with the laws and regulations of the State of Washington which are the subject of this Order for the next two years.
2. The companies further shall follow their internal procedures established for compliance with the renewal requirements with annual internal audits.
3. The payment liability and compliance obligations of the companies under this Order are joint and several.
4. The companies' failure to pay the fine within the time limit set forth above shall result in the revocation of the insurers' Certificates of Authority, and in the recovery of both the suspended and unsuspended amounts of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this ____ day of _____, 2004.

Mike Kreidler
Washington State Insurance Commissioner

By: _____
Mary M. Cotter
Staff Attorney, Legal Affairs Division